

Environmental Portfolio Standard (EPS) Revenues and SWEEP Proposal for Restoration of DSM Funding

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Historical Analysis of 2002 EPS Revenues, from CEWG Report

Description of Funding Mechanism	APS 2002 EPS Revenues	TEP 2002 EPS Revenues	Total 2002 EPS Revenues	Restoration of DSM Funding (2002 Level)
Green Pricing Program Total	\$ 259,628	\$ 67,573	\$ 327,201	
Reallocation of DSM Funding	\$ 6,000,000	\$ 2,010,000	\$ 8,010,000	\$ 8,010,000
<i>Residential Surcharge Total</i>	\$ 3,101,375	\$ 1,205,956	\$ 4,307,332	<i>Increase EPS</i>
<i>Small Commercial Surcharge Total</i>	\$ 3,439,219	\$ 1,202,431	\$ 4,641,650	<i>Funding by</i>
<i>Large Commercial Surcharge Total</i>	\$ 31,151	\$ 31,746	\$ 62,897	<i>Increasing EPS</i>
EPS Renewables Surcharge Total*	\$ 6,571,745	\$ 2,440,133	\$ 9,011,878	<i>Surcharge or</i>
Total	\$ 12,831,373	\$ 4,517,706	\$ 17,349,079	<i>Changing Caps</i>

* The Renewables Surcharge Total includes only the Residential, Small Commercial and Large Commercial Surcharge Totals. Current EPS surcharge is the lesser of \$0.000875 per kWh per month or the monthly caps per service of \$.35 (residential), \$13 (small C&I), and \$39 (large C&I above 3,000 kW demand).

SWEEP Proposal: Restore DSM Funding to Mid-1990's Levels**Historical DSM Spending in 1995**

Utility	Reported DSM Funding in 1995	DSM Funding as a % of 2002 Revenues	EIA: 2002 Retail Revenues (000)
APS	\$ 6,957,000	0.38%	\$ 1,845,556
TEP	\$ 3,362,000	0.50%	\$ 666,049
UNS Electric	\$ 1,062,000	1.00%	\$ 106,527
Total	\$ 11,381,000	0.43%	\$ 2,618,132

Application of SWEEP Proposal: Restoration of DSM Funding and Total DSM Funding

Utility	Existing 2005 DSM Funding*	Restoration of DSM Funding**	Renewables SB Funding	Total DSM Funding**	DSM Funding as a % of 2002 Revenues	Reference EIA: 2002 Retail Revenues (000)
APS	\$ 1,100,000	\$ 6,000,000	\$ -	\$ 7,100,000	0.38%	\$ 1,845,556
TEP	\$ 1,050,000	\$ 2,250,000	\$ 210,000	\$ 3,300,000	0.50%	\$ 666,049
UNS Electric	\$ 175,000	\$ -	\$ -	\$ 175,000	0.16%	\$ 106,527
Total	\$ 2,325,000	\$ 8,250,000	\$ 210,000	\$ 10,575,000	0.40%	\$ 2,618,132

* DSM funding for 2005, based on documents presented by the utilities in the ACC DSM workshops.

** Total DSM funding and restored DSM funding for future years may be slightly higher than the amounts estimated in the first table above, which were based on 2002 data, given the funding mechanisms, collection surcharges, and the higher-than-2002 retail energy sales in 2005 and future years.

For example, in the ACC DSM workshops TEP has estimated total DSM funding of \$3.3 million in future years, and \$2.25 million to be restored to DSM.

Notes on utility-specific allocations:

APS: Restoration to DSM of all \$6 million currently in base rates. Even with full restoration, DSM funding at APS will amount to only 0.38% of 2002 retail revenues.

TEP: TEP has stated that \$210,000 of SBC funds used for renewable development purposes will remain for renewable energy program purposes, per 1996 ACC Decision (59594).

UNSE: UNS Electric did not reallocate DSM funds to support the EPS in the past. Total DSM funding at UNSE will amount to only 0.16% of 2002 retail revenues.

Environmental Portfolio Standard (EPS) Revenues, 2002

Compilation by Jeff Schlegel, SWEEP (Oct. 2003)

JS added

Summary of 2002 APS and TEP Environmental Portfolio Standard Program Revenues

Description	2002 EPS Revenues	2002 Retail Energy Sales to Customer Category, MWH	Average EPS Surcharge Per kWh
Green Pricing Program Total	\$ 327,201		
Reallocation of DSM Total	\$ 8,010,000		
<i>Residential Surcharge Total</i>	\$ 4,307,332	13,636,322	\$ 0.000316
<i>Small Commercial Surcharge Total</i>	\$ 4,641,650	12,205,463	\$ 0.000380
<i>Large Commercial Surcharge Total</i>	\$ 62,897	5,532,387	\$ 0.000011
EPS Renewables Surcharge Total*	\$ 9,011,878	31,374,172	\$ 0.000287
Total	\$ 17,349,079		

* Renewables Surcharge Total includes only the Residential, Small Commercial and Large Commercial Surcharge Totals. EPS surcharge is the lesser of \$0.000875 per kWh per month or the monthly caps per service of \$.35 (residential), \$13 (small C&I), and \$39 (large C&I above 3,000 kW demand).

Source Tables, from Cost Evaluation Working Group Report, June 2003:

Table II-1: Summary of TEP Environmental Portfolio Standard Program Revenues

Description	2002 EPS Revenues	2002 Retail Energy Sales to Customer Category, MWH	Average EPS Surcharge Per kWh
GreenWatts Total	\$ 67,573		
Reallocation of DSM Total	\$ 2,010,000		
<i>Residential Surcharge Total</i>	\$ 1,205,956	3,188,726	\$ 0.000378
<i>Small Commercial Surcharge Total</i>	\$ 1,202,431	1,867,007	\$ 0.000644
<i>Large Commercial Surcharge Total</i>	\$ 31,746	2,956,684	\$ 0.000011
EPS Renewables Surcharge Total*	\$ 2,440,133	8,012,417	\$ 0.000305
Total	\$ 4,517,706		

* Renewables Surcharge Total includes only the Residential, Small Commercial and Large Commercial Surcharge Totals.

Table II-2: Summary of APS Environmental Portfolio Standard Program Revenues

Description	2002 EPS Revenues	2002 Retail Energy Sales to Customer Category, MWH	Average EPS Surcharge Per kWh
Green Pricing Program Total	\$ 259,628		
Reallocation of DSM Total	\$ 6,000,000		
<i>Residential Surcharge Total</i>	\$ 3,101,375	10,447,596	\$ 0.000297
<i>Small Commercial Surcharge Total</i>	\$ 3,439,219	10,338,456	\$ 0.000333
<i>Large Commercial Surcharge Total</i>	\$ 31,151	2,575,703	\$ 0.000012
EPS Renewables Surcharge Total*	\$ 6,571,745	23,361,755	\$ 0.000281
Total	\$ 12,831,373		

* Renewables Surcharge Total includes only the Residential, Small Commercial and Large Commercial Surcharge Totals.